

NOTICE OF PUBLIC WORKSHOP

PROPOSED RULE 1315 – FEDERAL NEW SOURCE REVIEW TRACKING SYSTEM

Wednesday, September 22, 2010 – 9:00 A.M.
South Coast Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765
Auditorium

PURPOSE OF THE MEETING

The South Coast Air Quality Management District (AQMD) has scheduled a public workshop to solicit information and input from the public regarding Proposed Rule 1315 – Federal New Source Review Tracking System (PR 1315).

PR 1315 will be considered for adoption by the AQMD Governing Board at a public hearing tentatively scheduled for December 3, 2010.

AIR QUALITY OBJECTIVES

The air quality objectives of PR 1315 are to:

- Maintain AQMD's ability to continue to administer its new source review program for major and minor sources for facility modernization and to accommodate population growth through implementation of Rule 1304 and Rule 1309.1. AQMD's policy objectives include allowing the permitting system to operate in order to: 1) allow facility modernization which will increase efficiency and reduce air pollution, 2) allow facilities to install pollution control equipment, 3) allow emergency equipment to be installed, 4) allow permitting of equipment necessary for essential public services and small emitters, 5) allow operation of portable equipment and other sources determined as a policy matter to be exempt from offsets or eligible for Priority Reserve credits, and 6) take into account environmental and socioeconomic benefits as well as environmental and socioeconomic impacts;
- Memorialize in rule form the accounting procedures AQMD uses to establish equivalency of AQMD's New Source Review program with federal offset requirements, and ensure that valid offsets are projected to be available in AQMD internal offset accounts before a major source relying on such offsets is permitted thus assuring that increases in emissions resulting from such sources are fully offset; and
- Recognize sufficient previously-unused emission reductions that are beyond those required by applicable regulatory requirements in order to demonstrate federal equivalency for major sources that are exempt under Rule 1304 or that are allocated credits from the Priority Reserve under Rule 1309.1.

BACKGROUND

Rule 1315 was originally adopted in September 2006 to formalize the AQMD's accounting methodology for tracking changes to the internal offset accounts for the purpose of demonstrating programmatic equivalency between the AQMD's NSR program and federal NSR requirements. The September 2006 adoption was challenged in court on the grounds that AQMD's environmental review of the proposed rule was inadequate, so AQMD readopted

Rule 1315 unchanged in August 2007 in conjunction with a Program Environmental Assessment, rendering the lawsuit moot. A second lawsuit was then filed, again challenging the rule on the basis of the environmental review. The plaintiffs prevailed in court and AQMD was enjoined from implementing Rule 1315, which resulted in a November 2008 through December 2009 “Permit Moratorium” preventing AQMD from issuing permits to construct or operate sources relying on emissions offsets from Rule 1309.1 – Priority Reserve or exempt from providing offsets pursuant to Rule 1304 – Exemptions. The Permit Moratorium was lifted January 1, 2010 because a new statute—California Health and Safety Code Section 40440.13—directs AQMD to implement Rules 1304 and 1309.1 based on the offset tracking system in place prior to September 2006 and to account for an additional source of offsets until the earlier of May 1, 2012 or the date AQMD has a new tracking system approved by the United States Environmental Protection Agency (EPA). The currently proposed Rule 1315 is intended to establish that new tracking system, subject to review and approval by the California Air Resources Board and EPA.

PROPOSED RULE

The federal NSR tracking system that would be established by PR 1315 is similar to that described by the previously adopted version of Rule 1315. The initial (October 1, 1990) balances in AQMD’s internal bank of emissions offsets would be the same as those established by the prior version of the rule and the sources of debits from those accounts (use of the Priority Reserve pursuant to Rule 1309.1 or the offset exemptions of Rule 1304) and of credits to those accounts (emissions reductions resulting from shutdown of permitted major and minor sources, ERCs provided as emissions offsets by sources that are not required to provide offsets pursuant to the federal Clean Air Act, and other specified surplus emissions reductions from permitted sources) would also be the same. However the backstop provisions in PR 1315 designed to ensure ongoing equivalency with federal offset requirements are more stringent than those in the previously adopted versions of the rule. These backstop provisions include discontinuing funding of the Priority Reserve and discontinuing issuing permits relying on the Priority Reserve or on the offset exemption provisions of Rule 1304 – Exemptions if there is a shortfall in the District Offset Accounts and, if there is an actual or projected shortfall, preparing a report to the Governing Board recommending action to rectify the shortfall including an appropriate timeline. The proposed rule also includes additional backstop provisions designed to ensure that the actual cumulative net increases in emissions from major and minor permitted sources resulting from implementation of the rule do not exceed the Air Quality Management Plan-based levels analyzed in the Draft Program Environmental Assessment (PEA). Furthermore, PR 1315 includes a provision establishing a “sunset date” for the proposed rule of January 1, 2031; the previously adopted version of Rule 1315 did not include a sunset date.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

Pursuant to the California Environmental Quality Act (CEQA) and AQMD Rule 110, AQMD staff has reviewed the proposed project and determined the proposed amendments have the potential to generate significant adverse project-specific environmental impacts. A Notice of Preparation/Initial Study (NOP/IS) was prepared and released on March 17, 2009 for a 30-day public review and comment period. A Draft PEA has also been prepared and was released for a 45-day public review and comment period beginning September 9, 2010. The public review

and comment period for the PEA will close October 26, 2010. Copies of the Draft PEA can be obtained by calling the AQMD's Public Information Center at (909) 396-2039 or can be downloaded from the AQMD's CEQA web pages at <http://www.aqmd.gov/ceqa/aqmd.html>.

SUPPORTING DOCUMENTS

Copies of PR 1315, its Preliminary Draft Staff Report, and the Draft PEA will be available no later than September 9, 2010 at the AQMD website at <http://www.aqmd.gov/proposed.html> and may be obtained from:

Mr. William Sanchez
AQMD Public Information Center
21865 Copley Drive
Diamond Bar, CA 91765
(909) 396-2039
picrequests@aqmd.gov

SUBMISSION OF DOCUMENTS OR COMMENTS

Comments, suggestions, documents, studies and reports relevant to PR 1315 should be submitted in writing by Thursday, September 30, 2010 and questions regarding the proposals can be directed to Mitch Haimov at (909) 396-3129, by e-mail to mhaimov@aqmd.gov, or by mail to:

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Questions regarding the CEQA analysis of this proposal should be directed to:

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